



Date: 18.02.2022

To
Secretary
Listing Department

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BSE Limited

Department of Corporate Services Phiroze
Jeejeebhoy Towers Dalal Street, Mumbai – 400 001
Scrip Code : 540902
ISIN : INE371P01015

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Mumbai – 400 050
Scrip Code : AMBER
ISIN : INE371P01015

Dear Sir/Ma'am,

Subject: Q3 - FY 2022 - Earnings Conference call transcript

This is further to our letter intimating the details of Investor/Analyst call on the unaudited financial results of the Company for the third quarter and nine months ended December 31, 2021, held on January 31, 2022.

In this regard, we are enclosing herewith the transcript of Conference Call hosted on January 31, 2022. The same is also available in the Company's website.

Thanking You,
Yours faithfully

For **Amber Enterprises India Limited**


(Konica Yadav)



Company Secretary and Compliance officer
Membership No. : A30322

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“Amber Enterprises India Limited Q3 FY22 Earnings Conference Call”

January 31, 2022

Disclaimer:

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MANAGEMENT: MR. DALJIT SINGH: MANAGING DIRECTOR

MR. SUDHIR GOYAL: CHIEF FINANCIAL OFFICER

MR. SANJAY ARORA: CEO, ELECTRONICS DIVISION

MR. SACHIN GUPTA: CEO, RAC & CAC DIVISION



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Moderator: Good Morning ladies and gentlemen, welcome to **Amber Enterprises India Limited Q3 FY22 earnings conference call**. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to **Mr. Daljit Singh – Managing Director of Amber Enterprises India Ltd**. Thank you and over to you Sir!

Daljit Singh: Hello and good morning, everyone. First and foremost, I hope you all are keeping safe and healthy.

On the call I am joined by **Mr. Sudhir Goyal, our Chief Financial Officer, Mr. Sanjay Arora – CEO of Electronics Division, Mr. Sachin Gupta, CEO of RAC & CAC Division, and SGA, our Investor Relation Advisors**. We have uploaded our result presentation on exchanges, and I hope everybody had an opportunity to go through the same.

The consumer durable industry witnessed good growth during the quarter despite concerns around the third COVID-19 wave. Double vaccination has helped us in driving positive consumer sentiment.

The demand was driven by a shift in consumer behavior from price consciousness to technologically advanced premium products with quality, value proposition, and safety aspects. Work from home and stay at home continue to create good demand for the industry as leisure travel is restricted so certain sections of consumers are spending on upgrading consumer durables.

Retailers have adopted omnichannel strategy to cater to consumers across channels. Retailers are also offering affordable finance schemes, extended warranty, same-day installation services, which has helped to attract first time consumers which is further aiding the demand.

Rising raw material prices and supply chain issues continue to plague the quarter. Amber has been able to pass on higher raw material prices to the customers and channel inventory



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levels are being managed by effective supply chain planning in line with growth expectations.

I am pleased to share that on all metrics including revenue, EBITDA and PAT we were able to surpass the pre-pandemic level for the quarter.

Another important update during the quarter was on acquisition of majority ownership in **'AmberPR Technoplast India Private Limited'** erstwhile **'Pasio India Private Limited'**. This acquisition will help our company to grow its component segment with focus on providing more backward integrated solutions in key component of RAC segment which is cross flow fan along with solution of injection molding component for other industries which is refrigeration and auto engine segment.

We are glad to announce the commencement of production at our three new facilities: Kadi in Gujarat for injection molding components, Chennai in Tamil Nadu for sheet metal components and heat exchangers, and Supa in Maharashtra for our sheet metal components in phase I. The expenditures incurred for the commercialization of these three new plants led to a decline in profitability for the standalone operation. However, once the revenue starts flowing in we expect profitability to normalize.

Update on PLI scheme. During the quarter, Amber Enterprises India Limited ("Amber") has received approval for the manufacturing of AC components under the 'Normal Investment' category for a threshold incremental investment of Rs. 300 Crs. Our subsidiary IL JIN Electronics India Private Limited ("IL JIN") have also received approval for manufacturing Lower value intermediaries of ACs under 'Large Investment' category for a threshold incremental investment of Rs. 100 Crs. We believe the production-linked incentive (PLI) scheme approved by the government would help provide a level-playing field to domestic players and create an enabling environment for the industry to compete globally.

I will now talk about our divisional performance:

Mobility application division which includes Sidwal: With the increase in government's thrust towards mobility for all we believe we are in a sweet spot to leverage this opportunity. The expansion of metros in newer cities, as well as the modernization of railways is creating new opportunities in this space. We are making good progress on new product development for various business categories. Our order book stands healthy at more than around Rs.450 Crores.



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Update on motor division which includes PICL: We have increased our product offering to our customers by adding new models for both the domestic and international markets. We are also adding new customers in this division. We expect our motor division to double in revenues while also increasing margins. BLDC is currently a very small part of our portfolio which we have recently started. The reliability cycle is going on and we are about to start the production. Hence BLDC would be adding as revenue from both sides in captive as well as also in component solution to our customers in coming financial years.

Update on electronic division which includes IL JIN and Ever: As a part of diversification, we have started production of new-age applications like wearables and hearables. We have recently added Boat as our customer. As the market is moving rapidly towards inverter ACs, we are confident of growing our revenue share from this division going forward. There is a good traction due to PLI scheme and we are a rightly placed company to give the required solution. We are also getting queries and already onboarded customers for inverter PCB board. We are also getting a lot of queries and approvals are already in process for refrigerator and washing machine and other new products also. So we are hopeful that in electronic division also we would be doubling the revenue in coming two years from now.

Component division which includes both AC and non-AC components: Our component division has played a very positive role. Contribution from component division has increased to 54% in nine months FY22 from 50% in nine months FY21. We are adding new products, new customers and new geographies. We have onboarded new customers like Samsung for sheet metal components and heat exchangers and Voltas Beko for injection molding components for washing machines and refrigerators. Our recent acquisition of Amber PR is a part of component division business. Integration is happening smoothly and we expect future revenue growth in Amber PR also.

Update on RAC division: Our RAC division is performing in tandem with industry; industry growth on a year-to-date basis is at single digit. It seems that industry would touch around 6.2 to 6.5 million units this financial year; however, at Amber we are expected to touch around 3 million units this year. Inventory levels have been normalized. Inverter ACs are witnessing good growth.

On the commercial RAC side, we have added entire product lineup of commercial ductable ACs. We have also started offering full range of cassette ACs to our existing customers. We expect to outnumber the industry in volume terms in this financial year.

To conclude I would like to reiterate that our constant endeavor would be to increase penetration and increase our wallet share in existing customers, continuously add new



customers, create a foothold in the export market and enhance our products with new technologies by focusing on R&D.

I will now take you through consolidated financial highlights:

Revenue

Q3FY22 revenue stood at Rs. 974 Crs vs Rs. 765 Crs in Q3FY21. 9MFY22 revenue stood at Rs. 2,270 Crs vs Rs. 1,432 Crs in 9MFY21. For the quarter, RAC contributed 39% of the total revenues while Components and mobility application contributed 61% of the revenues

Operating EBITDA

Q3FY22 Operating EBITDA stood at Rs. 74 Crs vs Rs. 62 Crs in Q3FY21. 9MFY22 Operating EBITDA stood at Rs. 163 Crs vs Rs. 81 Crs in 9MFY21. Operating EBITDA margins for Q3 and 9MFY22 stood at 7.6% and 7.2% respectively. Q3FY22 and 9MFY22 Operating EBITDA does not include ESOP expense of Rs. 4.17 Crs and Rs. 11.6 Crs, respectively.

PAT

Q3FY22 PAT stood at Rs. 33 Crs vs Rs. 28 Crs in Q3FY21. 9MFY22 PAT stood at Rs. 52 Crs vs Rs. 7 Crs in 9MFY21

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Ankur Sharma from HDFC Standard Life Insurance. Please go ahead.

Ankur Sharma: Good Morning Sir, thanks for your time. Firstly if you could tell us the volumes of ACs which was sold during Q3 I think you said full-year number of 3 million if you could just help what was the number for Q3 and if possible they come into IDU and window?

Daljit Singh: So in total like for the financial year as I told we are expected to be nearing 3 million units while in 9MFY22 we have done around 1.1 million units. However, we are restricting to give the diversified numbers of ODU, IDU due to confidentiality matters.

Ankur Sharma: My follow-up would be that you are looking at a pretty steep increase in Q4 right you are doing a 1 million orders in Q3 and you are looking at close to 3 for the full year implies



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almost 2 million numbers for Q4 so just on the overall demand-side how are you seeing demand, we did hear about some slowdown in volume especially in November, December for the industry as a whole, so if you could talk about where are you seeing this demand, is it more for you because of new customers or is it that you expect the industry to also equally well?

Daljit Singh:

So Ankur the demand is back to the normalized level now in the industry and we are pretty confident and our order book looks healthy and we will be doing around 3 million numbers; however, in the industry, if you see the demand should be back from last year like it was around 5.2 to 5.5 million this year we are expecting that it should do around 6.3 to 6.5 million so demand is coming back again and with the working from home as a new normal everybody is spending upon the upgradation as well as comfort living and this product is something linked to the comfort living and the third wave of COVID has not hit us that badly as we were expecting earlier like the second wave. So we are hopeful that this should pretty much further add to the demand of the industry also.

Ankur Sharma:

A piece of whether it is more of market share gain for you and also are you seeing the benefits of the import ban I remember you said going into 2023 as well you would start seeing the business come through and in terms of the import ban are you getting a bigger share of brands who were earlier importing so is that benefit also flowing through in Q4 or is that more of a FY23?

Daljit Singh:

So out of all the numbers which we did like due to the import ban the phase I started with the gas charging so I have been able to convert into the full fledged manufacturing for out of that around two customers and remaining two to three customers would be now converting into the coming financial year into the full-fledged manufacturing so import ban is definitely playing a good role but at the same time those bigger numbers you would be seeing will be added in next financial year looking forward.

Ankur Sharma:

Thanks.

Moderator:

Thank you. The next question is from the line of Madhav Marda from Fidelity Investments. Please go ahead.

Madhav Marda:

Good morning and thank you so much for your time. I just wanted to understand like we have added both as a customer for our electronics division it seems that Amber is actively moving beyond RAC as their end market into more of a diversified set of end market so could you give us like this year maybe a three to five year outlook on how we expect to grow beyond the RAC division as well and like what is the growth opportunities and sort of strategies that we incur?



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Daljit Singh:

At Amber we are diversified into five business verticals like you have seen and this is how we are seeing. So one of the verticals is room AC division another is components which includes both AC and non-AC and third is electronics which includes IL JIN and Ever and fourth is our mobility application which is Sidwal and fifth is our motor vertical which is PICL. So all these five verticals are seeing a good growth due to multiple reasons in each and every vertical and we are looking at good growth numbers all in RAC also where we are adding customers due to import ban as well as due to more offerings.

In electronics vertical we are hoping to double the revenue in coming two years because of increase in our horizon of inverter AC controller board now being approved by various customers, we have also expanded into wearables and hearables with Boat as a customer.

Similarly, our mobility application division is seeing a good growth with the new thrust of air-conditioned coaches as well as different verticals into more offering of the products for the mobility application also is on the cards.

Similarly, in PICL we are seeing BLDC motor coming which is pretty much we are not offering any solutions over there now that is into reliability and we are hopeful that in the PICL also we should be doubling the revenue.

In components which includes AC and non-AC components, we are seeing lot of traction over there and we have added Samsung as a customer for sheet metal components and heat exchangers, we are also talking to Samsung for further components maybe of injection molding and PCBs. We have added Voltas Beko as customer for refrigeration and washing machine and wherever we are not present for refrigerators, washing machine as an offering in the electronics division probably we are offering there also in electronics division. So all our divisions now are seeing towards huge growth and we are hopeful that in the next two to three years all the divisions should be pretty much double the size where we are today.

Madhav Marda:

Each of these divisions has their own like a business side and each of them were looking at opportunities across all of the various end markets right rather than this RAC?

Daljit Singh:

Yes, it is a focused approach. Each division is now headed by a CEO like for electronics we have Mr. Sanjay, RAC we have Mr. Sachin with us, Mr. Udaiveer is there for mobility application so each and every division is now with a focus approach and we would be looking to expand division. So there could be multiple opportunities whether it is RAC, non-RAC, we would be looking at all across for expanding the horizon of the division. So for the components if we get good opportunities like injection molding components so we would be definitely looking at from that angle rather than only RAC and non-RAC segment



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so we would be increasing and giving the solution in each division all across the vertical completely.

Madhav Marda: Got it. Thank you Sir.

Moderator: Thank you. The next question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: My first question is with respect to the kind of volume growth that we anticipate for the air conditioning market next year, this year you had mentioned it is around 6.3 to 6.5 million what kind of volume growth we can expect for next year assuming that there is no lockdown and during the peak summer season and what kind of growth that Amber can anticipate for that similarly?

Daljit Singh: I anticipate that with now third COVID wave not hitting us as well as not seeing any future COVID waves coming into so industry should be better than the pre-COVID levels so I think it should be touching somewhere 7.5 to 7.8 million from the current 6.2 to 6.5 which would be surpassing the pre-COVID levels. So looking into that now the work from home would be still a new normal because that is a new normal now rather than linked to the COVID, people would be definitely investing into the comfort level.

Ravi Swaminathan: Amber would we grow on par with the industry or above the industry so what kind of growth we can see in terms of volume?

Daljit Singh: As Amber we have always outnumbered the industry so here also we would be definitely looking at increasing our market share with the industry and outnumbering the industry as always our endeavor have been.

Ravi Swaminathan: My second question is with respect to the commercial air conditioning initiatives that we have taken, what kind of proportion of the overall revenues commercial air conditioning is now and how much can it grow into over the next two to three years and if you can give the same commentary for exports also will be great?

Daljit Singh: For commercial AC, we just started and couple of the offerings we have already given to our customer as samples as well as the reliability cycles and all that is going on while with some customers it has already started in the production. Cassette AC which was not in our offering as a part of commercial is also now part of it so that is seeing a lot of good traction because no one is offering in the industry today as an ODM solution so we have already started that offering and a lot of traction is there. So I would see that the number should be growing; however, it would not be a very big chunk of revenue as in a percentage point of



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view on a consolidated level but yes this is a product which we were not offering and definitely it increases our product offering to our customers and increase the wallet share with our customers too.

Ravi Swaminathan: Got it and with respect to exports also.

Daljit Singh: Exports like we earlier also mentioned that exports that there is a high reliability cycle and with each country have their own energy norms and energy regulations so we need to develop the products accordingly. So the products for US market now is already under prototyping and the prototypes we are offering to our customers so I should see in another one-and-a-half to two years further we should be able to track this into the mass production levels. While for the Middle-east market we are seeing some traction and the product line up is pretty much there and now the reliability cycle with the customers as well as the production order should start flowing in coming at least seven to eight months or maybe around one year from now.

Ravi Swaminathan: My final question is with respect to the consolidated EBITDA margin so are we set for somewhere around 8%, 8.5% kind of EBITDA margin over the next one, two years considering the fact that there is a PLI scheme where there would be some benefits, but on the other hand commodity prices are going up so what kind of margins that you would be anticipating now?

Daljit Singh: Well it is very difficult to tell about the percentage level looking into the commodity changes and all that; however, we are confident of maintaining our EBITDA levels as well as increasing in the value terms as we move forward.

Ravi Swaminathan: Got it Sir thanks.

Moderator: Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Thank you. Sir I had a question with respect to the standalone non-RAC component business. We have seen strong growth in that, but if I am not wrong that also houses the gas charging element so if you could just give us a sense in terms of what could be the contribution of the gas charging part and generally as we have seen a very good growth so if you could just give us some sense on what is happening in this quarter?

Daljit Singh: You are asking about revenue from gas charging?

Dhruv Jain: Yes Sir.



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Daljit Singh: We need to get back to you on this. but however we have done 400,000 numbers for gas charging in the first nine months and that is not a part of this 1.1 million that is separate from 1.1 million.

Dhruv Jain: So which will be in the standalone business itself right?

Daljit Singh: Yes.

Dhruv Jain: I will get back to your team for that number. The other question was with respect to the acquisition of Pasio India, now I understand that you also had an offering on the cross flow fan side so if you could just give us some sense on the past numbers of this company and the rationale for which you got this company?

Daljit Singh: This company is basically in the leadership position of offering in cross flow fan and that is the product which we were not offering to customers at a component level so now with this company with Amber we have been able to increase our share of a cross flow fan with our customer. Last year the company had done 51 Crores of revenue and this financial year we are expecting around 90 Crores of revenue.

The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Hi Sir thanks for taking my question. Sorry again I am asking more on the industry side because your commentary starts talking about a good demand. When we look at your volume growth it is down 27% on a declining base of 5% and you are saying demand is good and Q4 run rate what you guided looks optically very high and when we look at the details everything is on a declining mode for Q3 as per the data so just wanted to understand from you is 1) how has been the industry declined for this quarter because you always saying you always outperform the industry so I am assuming on the declining front also you would have outperformed it so how much would have been the industry decline and 2) Though January have gone now completely how has been the confidence of the channel of the OEMs taking back the inventory because the temperature is still not looking that great to procure the inventory and going ahead and I think now there has been no shortages too much in the system compared to the last year so if you can throw some light on that that will be really helpful, so where this confidence of demand is good is coming back?

Daljit Singh: Post the second wave everybody was apprehensive on the inventory levels and all that, but good thing was that there was a very normalized inventory levels post the second wave of COVID; however, as we move forward there were two challenges one was the QCO another was the BEE rating change which was leading to lot of ambiguity because



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everybody as the industry requested to move these forward looking into the inventory levels as well as looking into the second wave which has hit us and so as industry everybody requested the government, but there was a lot of ambiguity in terms of this BEE rating change and QCO till the end of October, November basically which was leading to a lot of conservativeness in the industry; however, now that is past us and everybody was envisaging third wave and nobody knew that what kind of wave would it be and now I think so third wave also is pretty much it is not past us but at least we are through this not too bad as it was in the second wave, so now everybody is pretty much optimistic about the industry and about the demand and that is why we are seeing a lot of good order book is there with us for this Q4 quarter and we are envisaging that the industry should be back with the good demand and should hit around 6.3 to 6.5 million numbers and we should be touching around the 3 million numbers.

Nitin Arora:

Thanks for the update really hopeful and generally on the other businesses like motor has been our forte and we want to export in the BLDC so do you think from a profitability perspective we already run our business where we hold a very high market share and run a very thin margin business I am talking in percentage terms not in absolute because that is the seasonality which gets you growth in the absolute EBITDA, you think from a profitability perspective we are the last entrant in that space whether it is variable, whether it is direct part and people existing vendors holds really big market share there so from a profitability perspective to scale up, you think you take much more time and if the existing cash flows of the existing business only will support them because when we the cater to requirement has been very on a higher side for you being whether you acquire a company you put capex there or whether in the existing business so if you can throw some light on the profitability perspective on this new business that will be helpful?

Daljit Singh:

So Nitin from refrigerator and all that what we are looking at is to expand our horizon offering of the components of the refrigerator, washing machine and not the complete finished product as of now, and in components, the margin levels are in line to the industry standard of the listing components over there. Rest regarding in terms of capex increasing for the offerings of that, we should be able to support it from our own internal accruals as this does not require lot of capex; however, at the same time we are into primarily into AC side and the refrigerator and washing machine are added to that in the same component segment would further add to the better asset utilization. So it creates a good win-win situation for the customer as well as for us and that is why we are looking into better and better offering to our customers from the same set of the assets if possible.

Nitin Arora:

Thank you.



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Moderator: Thank you. The next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Sir first thing that I wanted to understand was on gross margins wherein our performance has been pretty decent especially given the way commodity cost has moved up, now what we understand is that brands are struggling to pass on the complete impact to customers while despite having an ODM business we appear to have passed on a fair bit of impact to customers, just want to understand how has that been possible because historically also you have mentioned on numerous occasions that typically there is a bit of delay in passing on increased cost and is ban on import of refrigerant-filled ACs improving your bargaining power with customer?

Daljit Singh: Aditya in terms of gross margins we have been able to maintain our gross margins as we envisage and commodity prices we were able to pass on to our customers because obviously everybody understood that there is a huge impact on the commodity pricing and with all the new ratings which were coming in as well as new model lineup coming in we were able to successfully pass on the price rise with our customers because this is something which we started discussing long time back with our customers in terms of passing on these commodities because there is a huge impact over there and we were able to successfully make the customer understand as well as pass on these commodity changes to our customers. At the same time the ban on the refrigerant obviously is completely different that has no impact on this commodity pricing or maybe I would say negotiation with the current customers on this commodity because that is completely different that is dealing to this commodity price, obviously there was a change on the commodity pricing over there also but that is something we were able to take it from the customers immediately because that was a part of our contract that if there is any commodity change it would be passed on immediately.

Aditya Bhartia: But still historically we have seen a bit of a lag this time we have seen no lags pretty much and especially with customers suffering, with brand owner suffering how is it that we managed and going forward also should we be building in almost similar margin?

Daljit Singh: No there was a lag; however, we were able to discuss with our customers that we need to start it ahead of time rather than just waiting for the end of the quarter and then discussing so maintaining the discipline as well as in Q3 also lot of commodities were settling down so that also helped us and we envisage in Q4 that a lot of commodities have pretty much settled down and the pricing have settled down so there should not be any impact of the commodity and if when there is a substantial change we would be able to go to our customers back and ask for the changes.



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Aditya Bhartia: Thanks Sir.

Moderator: Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: Two questions one if we consider the current year as the base that financial year ended March 2022 over the next three years that is from fiscal 2022 to fiscal 2025 do we believe overall business would approximately double and if you can share the structural growth driver for each of the verticals both for the industry as well as Amber in specific and second question if you can throw some light on what will happen to profitability as we move along in that next three year plus kind of a journey?

Daljit Singh: We are now focusing ourselves as Amber into five business divisions RAC, then electronics, PICL which is motors, then mobility application and components. So all of these verticals as Amber we are in a very sweet spot to capture upon the growth which is in front of us. Talking about the structural growth drivers in each division, like in room AC with a lot of localization and Make in India and PLI incentives, working from home culture is leading to lot of demand locally and at Amber we are now present in south side also which we were earlier not present. SriCity should be operational pretty much in end of July, August we should be able to cater to our customers from there also and we are already present in North we are also having offering of the entire product line up with us, so as Amber we are ready to capitalize upon this growth, which lies ahead of us in room AC division and since we are present everywhere and we have the complete product line up and product range in ODM category with that and we can increase the wallet share with the customers as we move forward.

Secondly into the components also we have added a couple of plants like two Brownfield facilities one in Kadi, Gujarat which started operations and we are looking at refrigerator and washing machine and we envisage further inquiries from customers over there like Hitachi and as we move forward also and in Chennai we started with Samsung over there where we have added sheet metal and heat exchangers as components for AC and our refrigerator components also as we move forward and there is a lot of other inquiries also for that components division.

In the injection molding side, we are looking at a good growth rate, good inquiries are there in the pipeline. Similarly in electronics also we see good inquiries for PCBs of refrigerator, washing machine, air conditioner, inverter controller board which is already approved with a couple of customers and some customers would be coming onboard in coming financial year, so we should be able to gain the market share as well as gain the wallet share with all these customers as we move forward.



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In the mobility application, we are already sitting on a handsome order book of around 450 odd Crores and that is something we are pretty strong over there and recently with new type of air conditioners required in mobility application, we are already there as offering to our customers. We have already onboarded good customers like Alstom and Bombardier..

In PICL also the BLDC is something which we were pretty empty over there and with that offering is already there so RAC where we were not offering at all any motors in the indoor side we will be able to offer that, so each and every vertical should see a good growth and we are highly hopeful that we should be able to At Amber we are present across PAN India so we should be able to capitalize upon this growth due to Make in India push from the government which has led to demand aggregation as we move forward into the country.

Bharat Shah: On the next three years from fiscal 2022 to 2025 supposing our business is 100 in the fiscal 2022 do we think it will be more like 200 plus by the time we complete three years from 2022 and where the profitability would be maintained, improved?

Daljit Singh: As a company we definitely would be looking forward to grow at EBITDA level. We will be able to try to maintain 25% absolute return on EBITDA levels moving from FY22 to FY25. I think that is what we would like to maintain as we move forward.

Bharat Shah: 25% growth in EBITDA over that three year timeframe?

Daljit Singh: Yes.

Bharat Shah: Okay thank you that is it.

Moderator: Thank you. The next question is from the line of Naval Seth from Emkay Global. Please go ahead.

Naval Seth: Thank you for the question Sir. Sorry for asking again on volumes so if I look at your volumes which are down like 17% on two-year CACR while industry retail sales are down kind of 67% over the same period so where we have some delay in dispatches from your end because of the Omicron kind of risk where channel or brands were kind of hesitant to kind of take up the volumes because numbers are not totaling up in terms of commentary what you are saying that the demand is normalized but volumes are down 27% Y-o-Y?

Daljit Singh: If you see the industry has definitely not yet gone to the pre-pandemic level. So we were at 7.2, 7.5 million which went down to 5.2 while now it is coming back to 6.5 and we are hopeful that next financial year the industry should be crossing the pre-pandemic level and reaching to around 7.8 to 7.5 million numbers. So volumes are coming back, during last two



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years there have been lot of disruption in terms of second wave of COVID and third wave remained in place as well as also a lot of regulatory changing from QCO and BIS as well as the BEE rating also, now with all that already done and behind us so we definitely look forward for a good volume growth as an industry.

In the Q4 the order book is healthy for us and we are hoping to come close to 3 million mark which was pre-pandemic and if you see for the industry, definitely the pre-pandemic level has not yet reached, but for Amber we are already there and looking forward to 3 million mark at the end of the Q4.

Naval Seth: To clarify there was no delay in dispatches or customers are not getting converted from fully built up to only components as our component business has grown exponentially so nothing of that sort was there in 3Q?

Daljit Singh: So as of now we have not seen anything as yet in fact there is more and more traction and in fact now like we are adding and converting the gas charging customers into fully built units and two of the customers have already been converted this year. The remaining three customers would be changed in the next financial year, so we do not see any changes over there. Due to Omicron there was little halt, in January but yes it is back to normal now and we have already made up the numbers and the dispatches have been again started by the customers.

Moderator: Thank you. The next question is from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

Sonali Salgaonkar: Sir any updates you would like to share on the PLI schemes the approvals that you have received in terms of what kind of revenues, margins and capex you envisage over the coming years?

Daljit Singh: During the quarter, Amber Enterprises India Limited (“Amber”) has received approval for manufacturing of AC components under ‘Normal Investment’ category for a threshold incremental investment of Rs. 300 Crs. Our subsidiary IL JIN Electronics India Private Limited (“IL JIN”) have also received approval for manufacturing Lower value intermediaries of ACs under ‘Large Investment’ category for a threshold incremental investment of Rs. 100 Crs. Definitely this is the year of capex investment, and we should see the benefits coming out of it into the coming financial years as we move forward. So as per the construct of the PLI this financial year is the financial year for the investments to be done and the next financial year starting, PLI would start contributing the incremental sales.



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Sonali Salgaonkar: Got it Sir. Sir my second question is again regarding this 3 million volumes that you foresee in FY22 so the difference between 3 million and 1.1 million that we have achieved in nine months is it because of the order book from new customers or from the existing customers and the demand side is looking up much brighter and do you foresee price hikes going ahead in Q4 as well?

Daljit Singh: I would say this is aggregated demand from both our existing as well as the new customers like if you see historically also Q4 is pretty much the largest chunk always and that is what we envisage this year also and so this is a complete mix of both the current uptick from the current customers as well as the addition of the new customers which we added to what it is.

Moderator: Thank you. The next question is from the line of Kalpit Narvekar from Allianz Global Investors. Please go ahead.

Kalpit Narvekar: Two questions from my side firstly if you could share some color in terms of our competitiveness versus the Chinese manufacturers particularly in the exports market so US and UAE what is the kind of parity versus the Chinese manufacturers and second question is if you could talk a little bit on the say automation initiative say on manufacturing or warehousing automation on your side that you have made in the last since COVID?

Daljit Singh: So Kalpit on the competitiveness aspect of the exports so we are already looking at couple of export markets like UAE, Middle East as well as US market. I would say on the component side we are there already because we are already exporting motors to Middle East and we have been doing that as well as to US now already nearing to start so there is a competitiveness on the export on the component side; however, on the finished goods side there is still a disparity over there, but yes we are looking at there is a mix of products so there are some products where we are competitive to China and there are some products where we are not competitive with China as of today, but of course with PLI in place and localization happening, we see that this difference should be built up on and should be narrowing down and making us more and more competitive.

So there is a journey to be traveled of course first is the product line up and the offering to our customers as well as aligning ourselves to the requirement of customers and requirement of the energy regulation of the country so which we are in that phase right now so we are already doing the prototyping, already making the product line up ready and all that; however, in the meantime we envisage that the PLI coming in, localization coming in and obviously the volumes increasing we should be becoming more and more competitive as we move forward.



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On the automation front we are very cognizant about the automation part and the industry 4.0 that is a new normal as we move forward so within our company we have our automation cell which is moving towards automation and creating our own automation arms, robotic arms as well as creating various kind of low cost automation between the plants also so as we move forward we are already very focused on this because we can see that in order to be more competitive as the volume increases automation industry 4.0 would be the new normal and new savior. So we are already working on it and our team at Amber who works on automation is highly equipped and creating automation opportunities within the group only.

Kalpit Narvekar:

Great Sir. Thank you so much.

Moderator:

Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani:

Thank you for the opportunity. Just one question from my side. On the refrigerator you mentioned that you will limit your exposure to the component and largely the common ones that are there could you help us understand your thought process why is that so because some of your EMS players are already planning for venturing into ODM for refrigerators?

Daljit Singh:

So the idea over here is that within our verticals how we can utilize our assets as well as remain in the verticals where we are present and further diversify and have more asset utilization in the current form only so that is the reason and it does not require much of capex while going for the complete ODM or finished product like refrigerator do require lot of capex and we see lot of opportunities already present here in the component side only of the refrigerator and washing machine so that is the reason we are looking forward that how we can actually increase our wallet share within our same customer and while at the same time maintain good EBITDA margins over there on the component side and hence we are restricting to our component strategy and increasing more and more offerings to our customer and bringing more stickiness to our customers on a year on basis.

Bhavin Vithlani:

Thank you so much for taking my question.

Moderator:

Thank you. The next question is from the line of Bhoomika from DAM Capital. Please go ahead.

Bhoomika:

Sir in terms of as you scale up in the non-RAC segment how is the margin profile move as we have seen this quarter PICL margins have improved but IL JIN and Ever while there is a growth in the revenue profile remain at a lower level so if you can just talk about that and number two is in terms of with the PLI scheme coming up what would be the capex that we



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have done so far and what are we looking for FY22 and up till FY24 and gross and net debt if it is possible?

Daljit Singh: On the margin level as we move forward and as we add more and more components and diversify into the components, our margin profile would be better and as I mentioned earlier also that on an absolute basis that we are looking at maintaining 25% absolute return on EBITDA levels moving forward from FY22 to FY25; however, on the PLI side we are very well in range and the approvals has already been done from the capex side and I think so from the investment side we should get approval and we should be able to get the benefits of PLI as we move forward in the next financial year from the capex side. So this year like we are envisaging capex of around 375 Crores on a consolidated basis and next financial year we would be looking at a capex of somewhere around 250 to 275 Crores.. On the net debt level, consolidated level we are at 400 Crores and at the year end we should be seeing somewhere around 300 Crores at the net debt levels.

Bhoomika: Okay Sir thank you.

Moderator: Thank you. The next question is from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: Thanks for the opportunity Sir. I have one question so currently if you look at within the RAC business that we are doing so of the total IDU, ODU, CBU, and window air conditioners what contribution would be coming from your window air conditioners can you give some color over there?

Daljit Singh: Due to the confidentiality matters actually we do not disclose the numbers on IDU, ODU and window AC level, but we have a substantial market share. Window AC like it is somewhere around 900,000 to 1 million as an industry so we have a majority share in window air conditioners.

Manoj Gori: My question was actually regarding that because if you look at recently we were speaking with a few of the brands and what they were indicating that probably in next year the focus would be relatively would be lower on window air conditioner and in that case should it impact us as well because obviously when you look at some of the larger brands we are definitely supplying the major chunks to them so can you throw some light like of the scenario if you could pan out if brand start focusing lower on window air conditioners?

Daljit Singh: Window has always been diminishing in the percentage terms only as a total industry only and same was with Amber also and we also seen that on a percentage basis window would not be increasing anymore it would be staying there only in the terms of the value if you



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look into it the number, value terms it would be pretty much the same as we are today so it is not in the growth mode over there; however, the growth comes from the split air conditioners and inverter air conditioners as we move forward more and more inverterization is happening so definitely there would be increase over there so obviously on window AC we do not envisage a lot of growth over there since it has always been constant in value terms.

Manoj Gori: So you do not expect any sharp downslide into window market share in the overall AC side for the industry and it should be a gradual one that we have seen?

Daljit Singh: There could be a little difference. If there is a downturn in the window side; however, we are confident that if window is going away then split would be added obviously there would be a replacement from window to split so that is where we can definitely make up for those gone volumes.

Manoj Gori: Sure thanks a lot Sir and wish you all the best.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Daljit Singh for his closing comments.

Daljit Singh: With the growth opportunities we foresee on the domestic and export front along with the government support we believe we are well-positioned to capitalize on this opportunity. Thank you everyone for joining us I hope we have been able to answer all the queries. In case you require any further details, you may please contact us or our investor relation advisors, Strategic Growth Advisors. Thank you very much for joining in.

Moderator: Thank you. Ladies and gentlemen, on behalf of Amber Enterprises India Limited we conclude this conference call. We thank you for joining us and you may now disconnect your lines.